

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 RSC-01 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00

OMB-01 /116 W

----- 052723

R 271716Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7528

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

UNCLAS SECTION 01 OF 02 BONN 01374

E.O. 11652: N/A

TAGS: ETRD, GW

SUBJECT: FRG VIEWS ON TRADE ACT

1. ON JANUARY 27 THE HANDELSBLATT, A LEADING BUSINESS

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NEWSPAPER, PUBLISHED A CAUTIOUS BUT FAVORABLE ASSESSMENT

OF THE US TRADE ACT, BASED ON THE VIEWS OF OFFICIALS IN THE FRG ECONOMICS MINISTRY. KUEHN, WHO HEADS ECON MIN TRADE POLICY OFFICE, TOLD US HE HAD INSPIRED THIS REPORT AS AN ANTIDOTE TO MORE PESSIMISTIC REACTIONS NOW BEING HEARD WITHIN FRG BUSINESS COMMUNITY. EMBASSY TRANSLATION OF HANDELSBLATT ARTICLE FOLLOWS.

2. QUOTE: BONN EXAMINES WASHINGTON'S TRADE LAW SCOPE OF DISCRETIONARY AUTHORITY MUST BE PLUMBED

THE US WILL BY NO MEANS IMPLEMENT THE POSSIBILITIES OF ITS NEW TRADE LEGISLATION IN A RESTRICTIVE WAY. THIS IS AT LEAST THE OPINION OF COMPETENT PERSONS IN THE FRG ECONOMICS MINISTRY CONCERNING NEWS REPORTS OF DIFFERING TENOR FROM THE US AND IN CONNECTION WITH THE IMMINENT WORLD-WIDE TRADE TALKS WITHIN GATT WHICH WILL START, AS PLANNED, ON FEBRUARY 11, 1975.

OBVIOUSLY, NOT ALL DETAILS OF THE NEW TRADE LEGISLATION HAVE AS YET BEEN INVESTIGATED IN BONN, AND THE CDU DEPUTY KOEHLER FELT COMPELLED LAST WEEK TO WARN THE BUNDESTAG AGAINST THE RISKS OF THIS INSTRUMENT. BUT IT SEEMS THAT THERE IS MORE TO IT THAN THE CONJURING UP OF A FAVORABLE MOOD IF BONN'S TRADE POLICY DOES DISPLAY SUCH OPTIMISM. THE ECONOMICS MINISTRY BELIEVES IT HAS SERIOUS INDICATIONS AND ASSURANCES FROM THE AMERICANS THAT THE TRADE LEGISLATION WILL NOT BE A NEW WEAPON OF PROTECTIONISM IN THE HANDS OF US POLITICIANS.

ONE DOES NOT FAIL TO RECOGNIZE THAT THE WORDING OF THE TRADE LAW OFFERS TO THE FORD ADMINISTRATION THE POSSIBILITY OF MOVING TOWARDS A GOOD AND A BAD OUTCOME. IT WILL FOR EXAMPLE BE UNAVOIDABLE THAT COMPULSORY REGULATIONS LIKE THE PUBLICATION OF ALL PENDING COMPLAINTS ON FOREIGN SUBSIDIES MUST BE COMPLIED WITH BY THE DEPARTMENT OF JUSTICE.

HOWEVER, THE OPTIMISTIC BONN ATTITUDE STARTS AT THE POINT WHERE A BROAD SCOPE OF DISCRETIONARY AUTHORITY STILL EXISTS FOR THE ADMINISTRATION. THIS IS EVIDENT
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THROUGH THE FACT THAT NOT ONLY THE SUBSIDY ITSELF, BUT /THE SCOPE OF DAMAGE MUST BE DETERMINED. IN THIS CASE, THE ADMINISTRATION HAS A SCOPE OF TIME AND DISCRETION TO

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NEGOTIATE WITH THE OTHER GOVERNMENT CONCERNED AND TO
BRING ABOUT A CHANGE. THERE EXISTS NO LONGER AN AUTO-
MATIC IMPOSITION OF RETALIATORY MEASURES AS IN THE PAST.
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BUT WHETHER OR NOT ONE ACTUALLY BELIEVES THE GOOD OLD AMERICANS, THE REMARK THAT "THE NOISE BEING HEARD FROM AMERICA IS PART OF THE BUSINESS" FITS INTO THE ALMOST OPTIMISTIC PICTURE OF THE EXPERTS. THIS PERTAINS TO THOSE LOUD FEARS VOICED BY THE DEPARTMENT OF AGRICULTURE WHICH PREDICT SERIOUS CONFLICTS BETWEEN THE AMERICANS AND EUROPEANS IN THE IMMINENT GENEVA TRADE ROUND.

THE OPTIMISM IN BONN APPLIES TO THESE TRADE TALKS JUST AS WELL AS TO THE VOTE OF THE EC PARTNERS FOR A NEGOTIATING MANDATE FOR THE BRUSSELS COMMISSION WHICH IS PLANNED TO BE MADE ON ROSE MONDAY. ABOVE ALL, IT IS IMPORTANT THAT THE PARTNERS AGREE TO PUT ON THE AGENDA OF THE GATT ROUND A SUBJECT WHICH WAS HARDLY DISCUSSED PRIOR TO THE RAW MATERIAL CRISIS: A CODE OF BEHAVIOR IN THE EVENT OF EXPORT RESTRICTIONS. THE IMPORTANCE OF THIS SUBJECT HAS ALSO BEEN EMPHASIZED BY THE FEDERAL GOVERNMENT IN ITS LATEST ANNUAL ECONOMIC REPORT. UNQUOTE.

3. (NOTE: THE ANNUAL ECONOMIC REPORT IS DUE TO BE DISCUSSED LATER THIS WEEK BY FRG CABINET AND WILL BE RELEASED SUBSEQUENTLY.)
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN01374
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750029-0961
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750119/aaaaaqhv.tel
Line Count: 198
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by MarshK0>; APPROVED <18 FEB 2004 by ShawDG>
Review Markings:

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Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG VIEWS ON TRADE ACT
TAGS: ETRD, GE, US, HANDELSBLATT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006